

DENSO CORPORATION and Consolidated Subsidiaries

Consolidated Financial Results of the Fiscal Year Ended March 31, 2004

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 DENSO CORPORATION
 CODE: 6902
 Listed on the Tokyo, Osaka
 and Nagoya stock exchanges

Results of the fiscal year ended March 31, 2004 (From April 1, 2003 to March 31, 2004)

(1) Operating Results

	(Millions of yen, except per share figures)	
	Year ended March 31, 2004	Year ended March 31, 2003
Net sales.....	2,562,411	2,332,760
% change from the previous corresponding period....	9.8%	(2.8%)
Operating income.....	188,659	159,893
% change from the previous corresponding period....	18.0%	19.9%
Income before income taxes minority interests..	185,892	233,534
% change from the previous corresponding period....	(20.4%)	68.0%
Net income.....	110,027	111,018
% change from the previous corresponding period....	(0.9%)	53.5%
Earnings per share.....	130.02 yen	128.37 yen
Fully diluted Earnings per share	130.01 yen	126.65 yen
Return on shareholders' equity.....	7.6 %	7.9 %

Notes: 1. Equity in earnings of affiliates Year ended March 31, 2004 : 2,333 millions of yen
 Year ended March 31, 2003 : 2,322 millions of yen

2. "Earnings per share" is based upon the average number of shares outstanding.

(2) Financial Position

	(Millions of yen, except per share figures)	
	As of March 31, 2004	As of March 31, 2003
Total assets.....	2,526,502	2,354,657
Shareholders' equity.....	1,509,489	1,397,888
Equity-to-asset ratio.....	59.7 %	59.4 %
Shareholders' equity per share.....	1,809.55 yen	1,656.93 yen

Note: "Shareholders' equity per share" is based upon the number of shares outstanding as of the respective balance sheet dates.

(3) Cash Flows

	(Millions of yen)	
	Year ended March 31, 2004	Year ended March 31, 2003
Net cash provided by operating activities.....	231,814	267,344
Net cash used in investing activities.....	(194,653)	(210,618)
Net cash used in financing activities.....	(48,960)	(73,930)
Cash and Cash Equivalents at End of Period...	244,509	259,845

(4) Consolidation Scope

Number of consolidated subsidiaries : 164
 Number of unconsolidated subsidiaries : 0
 Number of affiliates : 27 (Affiliates accounted for under the equity method : 27)

(5) Changes in Consolidation Scope and Application of the Equity Method

Consolidated subsidiaries
 Added : 11
 Excluded : 2
 Companies accounted for under the equity method
 Added : 3
 Excluded : 1

Consolidated Statements of Income

	Year ended March 31, 2004	Year ended March 31, 2003	Millions of yen Increase (Decrease)
Net Sales	2,562,411	2,332,760	229,651
Cost of Sales	2,128,604	1,948,636	
Gross profit	433,807	384,124	49,683
Selling, General and Administrative Expenses	245,148	224,231	
Operating income	188,659	159,893	28,766
Other Income (Expenses):			
Interest and dividend income	8,311	9,358	
Interest expense	(3,448)	(4,103)	
Equity in earnings of affiliates	2,333	2,322	
Gain on exemption from future pension obligation of the governmental program	1,429	112,172	
Gain on transfer to a defined contribution pension plan	667	6,206	
Loss on settlement of the substitutional portion of governmental pension program due to return of corresponding plan assets	(12,132)	—	
Impairment loss on investment securities	(361)	(2,557)	
Loss on redemption of bonds	—	(4,964)	
Impairment loss on goodwill	—	(37,226)	
Restructuring charges	—	(6,912)	
Other, net	434	(655)	
Income before income taxes and minority interests	185,892	233,534	(47,642)
Income Taxes			
Current	88,990	78,193	
Deferred	(20,579)	39,126	
Minority Interests in Net Income	7,454	5,197	
Net income	110,027	111,018	(991)

Consolidated Balance Sheets

	Millions of yen		
Assets	As of March 31, 2004	As of March 31, 2003	Increase (Decrease)
Current Assets:			
Cash and cash equivalents	244,509	259,845	
Short-term investments	28,709	35,341	
Notes and accounts receivable, less allowance for doubtful accounts	473,178	417,527	
Inventories	214,751	196,581	
Deferred income taxes	43,745	39,495	
Other current assets	54,104	45,901	
Total current assets	1,058,996	994,690	64,306
Investments and Advances	690,450	601,889	88,561
Property, Plant and Equipment:			
Buildings and structures	563,439	549,811	
Machinery and equipment	1,766,964	1,695,672	
	2,330,403	2,245,483	
Less: Accumulated depreciation	(1,758,281)	(1,697,389)	
	572,122	548,094	
Land	142,858	138,283	
Construction in progress	62,076	71,701	
Net property, plant and equipment	777,056	758,078	18,978
Total	2,526,502	2,354,657	171,845

	Millions of yen		
Liabilities and Shareholders' Equity	As of March 31, 2004	As of March 31, 2003	Increase (Decrease)
Current Liabilities:			
Short-term borrowings	49,996	33,898	
Current portion of long-term debt	3,325	44,805	
Notes and accounts payable	344,674	306,427	
Income taxes payable	43,556	40,342	
Accrued expenses	105,187	97,068	
Accrued bonuses to employees	49,262	46,356	
Other current liabilities	53,817	48,164	
Total current liabilities	649,817	617,060	32,757
Long-term Liabilities:			
Long-term debt	122,826	108,404	
Liability for employees' retirement benefits	143,160	140,546	
Other long-term liabilities	29,275	24,101	
Total long-term liabilities	295,261	273,051	22,210
Minority Interests	71,935	66,658	5,277
Shareholders' Equity:			
Common stock	187,457	187,457	
Capital surplus	266,005	266,005	
Retained earnings	1,080,996	989,198	
Net unrealized gain on available-for-sale securities	142,588	73,237	
Foreign currency translation adjustments	(70,577)	(40,452)	
Less: Treasury stock	(96,980)	(77,557)	
Total shareholders' equity	1,509,489	1,397,888	111,601
Total	2,526,502	2,354,657	171,845

Consolidated Statements of Shareholders' Equity

	Millions of yen	
	Year ended March 31, 2004	Year ended March 31, 2003
Common Stock:		
Balance at beginning of period	187,457	173,098
Conversion of convertible bonds	–	14,359
Balance at end of period	187,457	187,457
Capital Surplus:		
Balance at beginning of period	266,005	251,644
Gain on disposal of treasury stock	–	20
Conversion of convertible bonds	–	14,341
Balance at end of period	266,005	266,005
Retained Earnings:		
Balance at beginning of period	989,198	895,522
Net income	110,027	111,018
Cash dividends	(17,711)	(16,848)
Bonuses to directors and corporate auditors	(518)	(465)
(Decrease) in retained earnings due to change of consolidation scope	–	(29)
Balance at end of period	1,080,996	989,198
Net Unrealized Gain on Available-for-sale Securities at End of Period	142,588	73,237
Foreign Currency Translation Adjustments at End of Period	(70,577)	(40,452)
Treasury Stock at End of Period	(96,980)	(77,557)
Total Shareholders' Equity at End of Period	1,509,489	1,397,888

Consolidated Statements of Cash Flows

Millions of yen

	Year ended March 31, 2004	Year ended March 31, 2003	Increase (Decrease)
Operating Activities:			
Income before income taxes and minority interests	185,892	233,534	
Adjustments for:			
Payment of income taxes	(85,063)	(62,483)	
Depreciation	151,169	146,651	
Amortization of goodwill including impairment	425	37,349	
(Decrease) Increase in liability for retirement benefits	2,859	(37,936)	
Equity in earnings of affiliates	(2,333)	(2,322)	
Loss on sale or disposal of property, plant and equipment, net	4,130	4,691	
Changes in assets and liabilities:			
Decrease (Increase) in notes and accounts receivable	(65,469)	4,682	
Increase in inventories	(26,097)	(12,640)	
Increase in notes and accounts payable	41,870	10,495	
Increase (Decrease) in defined contribution pension payable	(6,401)	18,063	
Decrease (Increase) in prepaid pension cost	15,885	(100,135)	
Foreign exchange loss (gain)	(749)	1,004	
Other, net	15,696	26,391	
Total adjustments	45,922	33,810	
Net cash provided by operating activities	231,814	267,344	(35,530)
Investing Activities:			
Acquisition of property, plant and equipment	(196,443)	(179,339)	
Purchase of available-for-sale securities	(97,593)	(53,864)	
Proceeds from sale and redemption of available-for-sale securities	100,904	31,253	
Other, net	(1,521)	(8,668)	
Net cash used in investing activities	(194,653)	(210,618)	15,965
Financing Activities:			
Net (decrease) increase in short-term borrowings	12,333	(8,491)	
Increase in long-term debt	19,744	675	
Repayments of long-term debt	(4,741)	(6,728)	
Increase in long-term bonds	—	99,985	
Repayments of long-term bonds	(40,000)	(64,964)	
Dividends paid	(17,711)	(16,848)	
Purchase of treasury stock	(19,423)	(76,315)	
Other, net	838	(1,244)	
Net cash used in financing activities	(48,960)	(73,930)	24,970
Foreign Currency Translation Adjustments on Cash and Cash Equivalents	(3,537)	(1,758)	(1,779)
Net (Decrease) Increase in Cash and Cash Equivalents	(15,336)	(18,962)	3,626
Cash and Cash Equivalents at Beginning of Period	259,845	277,894	(18,049)
Cash and Cash Equivalents of Newly Consolidated Subsidiaries	—	913	(913)
Cash and Cash Equivalents at End of Period	244,509	259,845	(15,336)

Segment Information

1. Geographical Segments (by company location)

			Millions of yen	
			Year ended March 31, 2004	Year ended March 31, 2003
Sales	Japan	Customers	1,469,552	1,355,925
		Intersegment	416,245	374,770
		Total	1,885,797	1,730,695
	The Americas	Customers	549,208	531,303
		Intersegment	8,532	9,267
		Total	557,740	540,570
	Europe	Customers	333,486	269,499
		Intersegment	4,809	4,489
		Total	338,295	273,988
	Asia & Oceania	Customers	210,165	176,033
		Intersegment	13,438	9,837
		Total	223,603	185,870
	Eliminations		(443,024)	(398,363)
	Consolidated		2,562,411	2,332,760
Operating Income (Loss)	Japan	153,473	123,235	
	The Americas	24,833	28,173	
	Europe	(4,250)	(3,965)	
	Asia & Oceania	14,903	12,360	
	Eliminations	(300)	90	
Consolidated		188,659	159,893	
Assets	Japan	1,627,930	1,497,411	
	The Americas	248,500	287,457	
	Europe	231,332	239,946	
	Asia & Oceania	161,707	137,230	
	Corporate and eliminations	257,033	192,613	
	Consolidated		2,526,502	2,354,657

2. Sales by Customer Location

			Millions of yen	
			Year ended March 31, 2004	Year ended March 31, 2003
Japan			1,442,645	1,325,637
			56.3%	56.8%
The Americas			557,035	539,299
			21.7%	23.1%
Europe			332,019	274,271
			13.0%	11.8%
Asia & Oceania			224,511	188,863
			8.8%	8.1%
Others			6,201	4,690
			0.2%	0.2%
Net Sales			2,562,411	2,332,760